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NAB GUS

1979

FINANCIAL ANALYSIS

PRODUCTIVITY...
MEASUREMENT FOR
MANAGEMENT

BEST AVAILABLE COPY

N A R G U S

NATIONAL ASSOCIATION OF RETAIL
GROCERS OF THE UNITED STATES

SUITE 820
RESTON INTERNATIONAL CENTER
RESTON, VIRGINIA 22091

PRODUCTIVITY. . . . .

MEASUREMENT FOR

MANAGEMENT

O P E R A T I N G R E S U L T S

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THIS REPORT WAS PREPARED IN COLLABORATION WITH

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EXHIBIT A

HIGHLIGHTS OF REPORT
BAROMETER OF PERFORMANCE

RATIO	THIS YEAR		LAST YEAR	TREND
	AVERAGE	BEST	AVERAGE	1979/1978
INCREASE IN SALES	12.6%	57.5%	14.4%	-12.5%
OPERATING PROFIT	2.1%	7.4%	2.4%	-12.5%
SALES PER CUSTOMER	$11.13	$26.80	$ 9.59	+16.0%
SALES MIX:				
GROCERY	66.9%	81.7%	64.0%	+ 4.5%
MEAT	21.7%	40.6%	20.9%	+ 3.8%
PRODUCE	6.1%	11.3%	6.5%	- 6.2%
BAKERY	2.9%	6.2%	3.0%	- 3.3%
GROSS PROFIT PERCENT:				
GROCERY	18.0%	26.1%	18.3%	- 1.6%
MEAT	20.3%	32.6%	19.7%	+ 3.0%
PRODUCE	27.9%	38.5%	28.4%	- 1.7%
BAKERY	48.1%	76.4%	52.2%	- 7.8%
TOTAL STORE	19.9%	27.9%	20.3%	- 1.0%
LABOR PERCENT TO SALES:				
GROCERY, WITH FRONT END	6.8%		5.5%	+23.6%
MEAT	7.8%		7.9%	- 1.2%
PRODUCE	9.7%		8.6%	+12.8%
BAKERY	29.8%		30.9%	- 3.5%
TOTAL STORE	8.8%		8.4%	+ 4.8%
SALES PER HOUR:				
GROCERY	$103.34	$262.60	$99.61	+ 3.7%
MEAT	$ 86.22	$150.00	$71.66	+20.3%
PRODUCE	$ 56.14	$127.00	$48.83	+14.9%
TOTAL	$ 66.90	$272.00	$58.08	+15.2%

I	OPERATING TRENDS - 1979 TO 1978

1. NARGUS OPERATIONS ANALYSIS

This is the seventeenth consecutive report in the annual NARGUS OPERATIONS ANALYSIS. This report covers the results of NARGUS retail operators for the calendar year 1979 and includes the operations of 84 participating retailers operating 320 stores with over $1 billion 358 million in sales.

business nurtures growth of money

The annual sales average per store of the NARGUS retailers in this study was $4,246,000 per year for an increase of 7.5% as last year's NARGUS retailers reported an average of $3,949,000.

2. VOLUME AND STORE PROFILE

SALES VOLUME				
WEEKLY SALES (000's)	GROUP	COMBINED SALES	NUMBER OF STORES	PERCENT TO TOTAL
$ 0 - $ 30	1	$ 10,574,440	9	.78%
30 - 40	2	43,389,361	26	3.19
40 - 50	3	90,059,128	40	6.63
50 - 60	4	169,784,647	61	12.50
60 - 70	5	60,946,456	18	4.49
70 - 80	6	158,446,290	41	11.66
80 - 100	7	355,896,986	72	26.19
100 - 150	8	88,937,896	15	6.54
OVER 150	9	380,684,494	38	28.02
		$1,358,719,698	320	100.00%

TYPE OF OWNERSHIP		
TOTAL	PARTNERSHIP OR PROPRIETOR	CORPORATION
84	6	78
100%	7.2%	92.8%

STORE OWNERSHIP		
TOTAL	SINGLE STORE	MULTIPLE STORES
84	40	44
100%	47.6%	52.4%

3. SALES

The 1979 sales are 12.5% below the 1978 average. Stores in Groups 4, 5, 6 and 7, a range of $50,000 to $100,000, had the best sales increase. The greatest sales increase of 57.5% was in Group 6.

TREND IN SALES --- 1979 TO 1978						
GROUP	WEEKLY SALES (000's)	YOUR STORE	RATE OF SALES INCREASE			
			GREATEST	LOWEST	AVERAGE	
1	$ 0 - $ 30		20.3%	1.1%	9.7%	
2	30 - 40		26.1	(.10)	14.3	
3	40 - 50		26.0	(.10)	12.5	
4	50 - 60		36.5	.6	14.1	
5	60 - 70		25.1	(4.3)	8.1	
6	70 - 80		57.5	.8	17.0	
7	80 - 100		36.4	3.9	14.6	
8	100 - 150		28.3	(8.6)	9.2	
9	OVER 150		29.3	(14.1)	14.1	
		1979	31.7%	(2.3%)	12.6%	
		1978	32.5%	(1.8%)	14.4%	-12.5%

4. PRETAX INCOME

The average pretax income showed a slight decline of .14% from last year. The "high" was in Group 1 with a 6.0% increase.

PRETAX INCOME - PERCENT TO SALES						
WEEKLY SALES (000's)	YOUR STORE	PRETAX INCOME TO SALES			PRIOR YEAR	
		HIGH	LOW	AVERAGE	AVERAGE	
$ 0 - $ 30		6.0%	.2%	3.0%	3.3%	
30 - 40		3.5	1.3	2.4	2.4	
40 - 50		4.7	.2	1.3	1.8	
50 - 60		7.4	.3	2.1	1.6	
60 - 70		6.1	1.2	2.5	2.4	
70 - 80		3.9	1.0	2.1	1.7	
80 - 100		3.4	.5	2.2	2.2	
100 - 150		3.7	.3	1.8	3.3	
OVER 150		5.6	.3	1.9	2.6	
	1979	4.9%	.6%	2.1%	2.4%	-12.5%
	1978	4.4%	1.0%	2.4%	-.14%	

5. SALES PER CUSTOMER

The sales per customer measures customers shopping in various sales volume stores. The higher the weekly store sales volume -- the more sales per customer. The rise in the SPC in the larger volume stores from $70,000 or more in weekly sales outperformed the lower volume units. 16.06% increase in SPC is almost double the increase shown any other year.

WEEKLY SALES (000's)	YOUR STORE	SALES PER CUSTOMER			PRIOR YEAR
		HIGH	LOW	AVERAGE	AVERAGE
$ 0 - $ 30		$ 8.55	$ 2.17	$ 6.49	$ 7.00
30 - 40		12.45	6.32	9.43	6.65
40 - 50		10.03	5.80	8.14	8.88
50 - 60		12.86	6.50	10.14	9.39
60 - 70		12.37	8.00	10.99	8.32
70 - 80		15.58	7.50	10.17	12.14
80 - 100		14.25	8.05	11.69	10.20
100 - 150		23.00	11.38	15.27	11.01
OVER 150		26.80	13.26	17.83	12.72
	1979	$15.10	$ 7.66	$11.13	$ 9.59
	1978	$11.86	$ 7.97	$ 9.59	+16.06%

II ADVERTISING, INCENTIVES, INVENTORY AND ENERGY

1. ADVERTISING

A. ADVERTISING RATIO TO SALES

The 1979 comparison analyzes the extent to which retailers in the various sales groups use different advertising methods, gross advertising dollars spent, and the ratio of advertising spent to sales. Advertising expense, overall was an average of 1.10% to sales for 1979 representing an increase of 19.6% over the ratio spent in 1978. The advertising dollars spent, ranged from 1.40% to sales to 3.05%.

ADVERTISING					PRIOR YEAR
WEEKLY SALES (000's)	YOUR STORE	PERCENT TO SALES			
		HIGH	LOW	AVERAGE	AVERAGE
$ 0 - $ 30		1.40	.11%	.84%	.03%
30 - 40		1.90	.59	1.38	.80
40 - 50		3.05	.69	1.33	1.34
50 - 60		1.40	.20	.97	.95
60 - 70		1.97	1.00	1.31	1.21
70 - 80		1.58	.85	1.16	1.01
80 - 100		2.30	.21	.94	1.06
100 - 150		1.78	.30	.87	1.00
OVER 150		2.04	.50	1.09	.89
	1979	1.94%	.49%	1.10%	.92%
	1978	1.72%	.20%	.92%	+19.6%

The annual dollars spent in advertising for each volume group are summarized below. The total amount spent increased from $32,900 for 1978 to $42,876 in 1979 -- an increase of almost $10,000.

ADVERTISING					PRIOR YEAR
WEEKLY SALES (000's)	YOUR STORE	AMOUNT SPENT			
		HIGH	LOW	AVERAGE	AVERAGE
$ 0 - $ 30		$ 17,851	$ 1,610	$ 10,497	$ 5,799
30 - 40		31,453	10,684	24,370	11,134
40 - 50		67,487	16,004	31,235	23,976
50 - 60		42,300	6,515	26,753	21,570
60 - 70		65,061	31,736	43,650	37,560
70 - 80		63,471	30,093	43,358	38,680
80 - 100		107,072	9,169	43,898	43,157
100 - 150		99,051	17,756	53,475	42,479
OVER 150		176,227	38,896	108,656	71,748
	1979	$ 74,441	$18,051	$ 42,876	$32,900
	1978	$ 56,500	$12,700	$ 32,900	+23.3%

B. METHODS OF ADVERTISING USED

Retailers use a variety of methods of advertising as shown with newspapers, radio and TV and shelf talkers as the leaders.

WEEKLY SALES (000's)	ADVERTISING - METHODS USED						
	NEWS-PAPERS	RADIO AND TELEVISION	INCENTIVE PROMOTIONS	SALES CIRCULARS	BAG STUFFERS	SHELF TALKERS	WINDOW BANNERS
$ 0 - $ 30	7	2	4	3	2	7	6
30 - 40	6	6	8	7	5	7	7
40 - 50	10	6	8	8	6	10	10
50 - 60	11	10	8	5	7	11	10
60 - 70	9	8	9	8	2	10	9
70 - 80	8	4	4	5	5	8	6
80 - 100	9	8	6	8	7	10	7
100 - 150	9	7	7	6	7	9	8
OVER 150	6	5	2	3	2	8	6
TOTAL	75	56	56	53	43	80	69
RATIO	89%	67%	67%	63%	51%	95%	82%

The extent to which retailers are budgeting ad dollars based on the replies from the store operators show a sharp decline in radio and TV and a lessor decline in sales circulars.

METHOD	EXTENT		TREND
	1979	1978	
Newspapers	89%	88%	1%
Radio and TV	67	84	(25)
Incentive Promotions	67	61	10
Sales Circulars	63	66	(5)
Bag Stuffers	51	27	89
Shelf Talkers	95	83	14
Window Banners	82	63	30

2. THE PAYOFF FROM BONUSES AND INCENTIVES

A. BONUS PLANS

Many of the NARGUS operators use incentive plans, including cash bonuses, profit sharing trust plans, and pension retirement programs. These programs declined slightly for the years.

NUMBER		INCENTIVE PLANS	AMOUNT		% TO SALES	
1979	1978		1979	1978	1979	1978
30	30	NUMBER OF OPERATORS ...with bonus plans	$ 49,195	$ 27,700	.48%	.48%
42	34	...profit sharing or pension plans	54,930	74,100	.41%	.50%
72	64	TOTAL	$104,125	$101,800		

B. BONUS

1. The average bonus payment amounted to .48% of sales for 1979, the same as the preceding year.

2. The average pretax profits earned by NARGUS retailers with bonus plans were higher in ratio to sales than the composite average pretax profits of retailers without incentive plans as shown in the following table.

	PRETAX PROFIT TO SALES		
	1979	1978	TREND
1. Retailers with bonus plans	2.11%	1.75%	+20.6%
2. Retailers without bonus plans	1.94%	1.99%	- 2.6%

C. RETIREMENT PROGRAMS

1. The contribution to a profit sharing trust plan or a pension plan increased 17.0% over 1978.

2. The average pretax profits reported by NARGUS retailers with retirement plans was 1.72% as compared to the composite average pretax profits of 2.01%.

	PRETAX PROFIT TO SALES		
	1979	1978	TREND
1. Retailers with retirement plans	1.72%	1.47%	+17.0%
2. Average for all retailers	2.01%	1.76%	+14.2%

III CONTRIBUTION TO VOLUME -- SALES MIX

"Sales Mix" reports the share of the consumer's food dollar made by each department to total sales. These sections of the report compare the sales contribution made by the grocery, meat, produce and other departments.

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1. GROCERY

Grocery is the DOMINANT sales leader with 67% of all sales. This ratio is slightly higher than last year.

SALES MIX - GROCERY					
WEEKLY SALES (000's)	YOUR STORE	PERCENT TO TOTAL STORE SALES			PRIOR YEAR
		HIGH	LOW	AVERAGE	
$ 0 - $ 30		81.7%	48.6%	65.7%	64.0%
30 - 40		72.7	44.6	62.2	60.4
40 - 50		77.9	54.8	69.5	63.4
50 - 60		74.8	65.0	70.8	71.1
60 - 70		74.8	59.6	69.0	67.6
70 - 80		71.9	60.8	67.7	62.7
80 - 100		76.2	43.7	64.2	65.9
100 - 150		72.6	58.6	68.3	60.6
OVER 150		70.5	49.7	64.9	61.1
	1979	74.8%	53.9%	66.9%	64.0%
	1978	73.5%	49.3%	64.0%	

2. MEAT

Meat sales were under one-fourth of total store sales - 21.7% for 1979 and 20.9% for 1978 - was reported for the meat programs.

SALES MIX - MEAT					
WEEKLY SALES (000's)	YOUR STORE	PERCENT OF STORE SALES			PRIOR YEAR
		HIGH	LOW	AVERAGE	
$ 0 - $ 30		35.0%	15.2%	23.0%	19.5%
30 - 40		40.6	20.3	26.7	27.4
40 - 50		26.8	17.4	21.1	21.9
50 - 60		24.2	16.0	20.4	18.9
60 - 70		30.7	16.4	22.3	21.2
70 - 80		32.6	15.8	22.2	19.5
80 - 100		25.8	12.7	19.9	21.0
100 - 150		22.4	11.6	18.2	18.5
OVER 150		25.1	18.0	21.2	20.4
	1979	29.2%	15.9%	21.7%	20.9%
	1978	26.4%	15.3%	20.9%	

3. PRODUCE

Produce contributed 6.1% of store sales for a slight decrease from the 6.5% for the previous year. Many of the operators obtained up to 11.3% of total sales while some maintained a low of 3.7%.

SALES MIX - PRODUCE					
WEEKLY SALES (000's)	YOUR STORE	PERCENT OF STORE SALES			PRIOR YEAR
		HIGH	LOW	AVERAGE	
$ 0 - $ 30		7.5%	3.7%	5.3%	5.5%
30 - 40		8.7	4.7	5.9	6.2
40 - 50		6.9	4.5	5.6	5.8
50 - 60		8.8	5.1	6.7	5.7
60 - 70		7.2	3.8	5.2	5.9
70 - 80		7.7	5.2	6.2	7.1
80 - 100		11.3	4.8	7.4	7.7
100 - 150		7.2	3.8	5.8	7.5
OVER 150		8.8	5.0	6.7	7.4
	1979	8.2%	4.5%	6.1%	6.5%
	1978	9.4%	4.7%	6.5%	

4. BAKERY

On-premise bakery operations average 2.9% of total sales, an increase from the 3.0% for 1978. Some units report as much as 6.2% of sales from their scratch bakery operations.

SALES MIX - BAKERY				
WEEKLY SALES (000's)	YOUR STORE	PERCENT OF STORE SALES		
		HIGH	LOW	AVERAGE
$ 30 - $ 40		3.2%	.9%	2.1%
40 - 50		1.2	-0-	1.2
50 - 60		3.7	-0-	3.7
60 - 70		3.9	2.0	2.8
70 - 80		1.5	.6	1.1
80 - 100		5.7	2.6	4.2
100 - 150		6.2	5.5	5.8
OVER 150		4.5	1.1	2.5
	1979	3.7%	2.1%	2.9%
	1978	4.1%	1.9%	3.0%

5. DELICATESSEN

Delicatessen departments are an important operation in the larger volume supermarket operations. The delicatessen department contributes from .8% to 9.3% with an overall average of 3.9%

SALES MIX - DELICATESSEN				
WEEKLY SALES (000's)	YOUR STORE	PERCENT OF STORE SALES		
		HIGH	LOW	AVERAGE
$ 30 - $ 40		9.3%	4.0%	5.9%
40 - 50		3.4	.8	2.0
50 - 60		3.7	1.9	2.7
60 - 70		4.2	2.5	3.3
70 - 80		9.8	2.6	5.4
80 - 100		7.5	3.9	5.3
100 - 150		3.2	2.2	2.7
OVER 150		7.5	2.0	3.9
	1979	6.1%	2.5%	3.9%
	1978	7.1%	2.2%	5.1%

6. LIQUOR

A few operations operate liquor departments that vary in sales contribution from 3.7% to 10.5% of sales.

SALES MIX - LIQUOR		
WEEKLY SALES (000's)	YOUR STORE	PERCENT OF STORE SALES
$ 0 - $ 30		10.5%
40 - 50		6.3
50 - 60		3.7
60 - 70		4.3
70 - 80		3.9
80 - 100		7.2

IV GROSS PROFIT

The gross profits are reported for the total store and for each department in this section. Gross profits are the results of management decisions in these operational phases of the operations:

(1) Pricing policy and area competition.
(2) In-store promotion and merchandising.
(3) Non-foods merchandise programs - particularly general merchandise and HABA.
(4) Higher gross profit bakery, delicatessen and family centers add to the overall margins.

TOTAL STORE

Gross profits to sales varied from a composite low of 16.7% to a high of 23.2% with an average of 19.9% for 1979, a slight decline from 20.3% of 1978.

GROSS PROFIT - TOTAL STORE					PRIOR YEAR
WEEKLY SALES (000's)	YOUR STORE	% TO TOTAL STORE SALES			
		HIGH	LOW	AVERAGE	
$ 0 - $ 30		27.9%	14.4%	20.2%	21.4%
30 - 40		24.8	18.7	21.2	19.2
40 - 50		23.1	16.5	19.4	19.9
50 - 60		23.9	18.9	20.9	20.7
60 - 70		21.0	18.2	19.8	19.7
70 - 80		22.8	17.4	19.6	19.8
80 - 100		22.7	17.7	20.4	20.2
100 - 150		20.5	17.5	18.3	21.7
OVER 150		22.0	14.8	19.7	19.8
	1979	23.2%	16.7%	19.9%	20.3%
	1978	22.7%	18.2%	20.3%	-2.01%

1. GROSS PROFIT - GROCERY

The "spread" in average grocery gross profits ranged from an average of 19.8% to the lowest average of 15.6% and the highest gross profit of 26.1% to a low of 19.2%.

GROSS PROFIT - GROCERY					PRIOR YEAR
WEEKLY SALES (000's)	YOUR STORE	PERCENT TO SALES			
		HIGH	LOW	AVERAGE	
$ 0 - $ 30		26.1%	14.5%	19.8%	18.1%
30 - 40		22.9	16.0	18.9	18.7
40 - 50		21.6	15.9	18.3	18.0
50 - 60		23.5	13.1	18.4	19.6
60 - 70		19.8	16.1	18.2	18.0
70 - 80		22.0	15.1	18.1	17.6
80 - 100		22.2	15.7	17.9	17.7
100 - 150		19.2	12.4	15.6	20.8
OVER 150		19.5	11.9	16.9	16.4
	1979	21.9%	14.5%	18.0%	18.3%
	1978	21.3%	15.9%	18.3%	-1.7%

2. GROSS PROFIT - MEAT

The average gross profits earned in the meat departments vary from a composite low of 15.9% to a high of 25.2% with an overall average of 20.3%. The higher prices per pound showed in the increase in gross profits over last year.

GROSS PROFIT - MEAT					
WEEKLY SALES (000's)	YOUR STORE	PERCENT TO SALES			PRIOR YEAR
		HIGH	LOW	AVERAGE	
$ 0 - $ 30		22.9%	15.4%	19.3%	16.2%
30 - 40		23.8	17.3	20.2	19.3
40 - 50		26.7	16.0	19.7	19.5
50 - 60		32.6	17.1	23.7	20.8
60 - 70		24.2	18.1	20.4	20.5
70 - 80		24.9	15.6	20.3	20.2
80 - 100		25.1	15.2	20.4	21.1
100 - 150		25.4	12.2	19.4	19.4
OVER 150		21.6	15.9	19.0	20.4
	1979	25.2%	15.9%	20.3%	19.7%
	1978	23.4%	15.9%	19.7%	+3.04%

3. GROSS PROFIT - PRODUCE

The produce gross profits reported vary between the average high of 35.4% to a low of 14.9% with a composite average of 27.9%.

GROSS PROFIT - PRODUCE					
WEEKLY SALES (000's)	YOUR STORE	PERCENT TO SALES			PRIOR YEAR
		HIGH	LOW	AVERAGE	
$ 0 - $ 30		38.5%	3.1%	24.5%	20.7%
30 - 40		33.4	4.7	24.9	28.0
40 - 50		36.8	22.5	29.7	27.8
50 - 60		31.8	23.6	28.3	28.4
60 - 70		36.5	25.4	29.4	28.5
70 - 80		35.8	17.7	29.2	27.4
80 - 100		35.5	18.3	29.2	28.3
100 - 150		35.9	10.3	28.0	30.5
OVER 150		34.8	8.3	27.7	29.4
	1979	35.4%	14.9%	27.9%	28.4%
	1978	33.4%	21.3%	28.4%	-1.8%

4. GROSS PROFIT - BAKERY

The on-premise bakery operations vary in gross profits from an average low of 40.8% to a high of 54.6% with a midpoint of 48.1%.

GROSS PROFITS - BAKERY					
WEEKLY SALES (000's)	YOUR STORE	PERCENT TO SALES			PRIOR YEAR
		HIGH	LOW	AVERAGE	
$ 30 - $ 40		30.0%	-0- %	30.0%	-0- %
40 - 50		60.2	-0-	60.2	-0-
50 - 60		37.9	-0-	37.9	48.1
60 - 70		51.6	37.6	44.3	64.6
70 - 80		58.8	44.4	51.6	47.6
80 - 100		52.1	34.2	43.2	57.3
100 - 150		69.9	45.5	57.7	31.4
OVER 150		76.4	42.4	60.0	64.3
	1979	54.6%	40.8%	48.1%	52.2%
	1978	61.3%	42.8%	52.2%	-8.5%

5. GROSS PROFIT - DELICATESSEN

The average profit margins for delicatessen operations vary from 26.6% to 48.9% with an average of 37.5%.

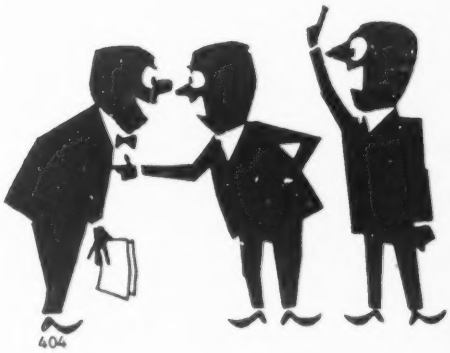
GROSS PROFITS - DELICATESSEN					
WEEKLY SALES (000's)	YOUR STORE	PERCENT TO SALES			
		HIGH	LOW	AVERAGE	
$ 30 - $ 40		41.0%	23.1%	32.9%	
40 - 50		50.5	32.6	39.3	
50 - 60		52.2	31.9	37.8	
60 - 70		46.3	31.3	40.6	
70 - 80		45.0	6.3	29.2	
80 - 100		50.2	27.4	38.3	
100 - 150		55.8	33.1	40.6	
OVER 150		50.3	27.2	41.1	
	1979	48.9%	26.6%	37.5%	
	1978	50.8%	30.8%	43.6%	-16.3%

6. GROSS PROFIT - LIQUOR

Store operating liquor departments report profit margins that vary from a low of 10.7% to a high of 25.6%. The average markup increased by 13.2% over last year.

GROSS PROFITS - LIQUOR			
WEEKLY SALES (000's)	YOUR STORE	PERCENT TO SALES	
$ 0 - $ 30		12.6%	
40 - 50		10.7	
50 - 60		24.1	
60 - 70		23.7	
70 - 80		21.3	
80 - 100		25.6	
	1979	19.7%	
	1978	17.4%	+13.2%

V LABOR PRODUCTIVITY



Labor productivity exerts an important impact on retail store operations and profits. The barometers of performance commonly used to rate labor costs are:

1. SPH (Sales Per Hour) and
2. The ratio of Labor Cost to Sales.

Since store labor represents 55% to 65% of operating costs, labor performance influences store profit results dramatically.

1. TOTAL STORE

Labor costs varied from an average of 8.8% to sales from an average low of 6.6% to a high of 11.7%. The ratio of labor cost to sales increased for 1979 to 8.8% from the 8.4% recorded for 1978.

Sales Per Hour increased to $66.90 in 1979 from the $58.08 for 1978 -- an increase of 15.2%.

PERCENT OF LABOR TO TOTAL SALES				
WEEKLY SALES (000's)	YOUR STORE	RATIO		
		HIGH	LOW	AVERAGE
$ 0 - $ 30		16.5%	6.9%	9.7%
30 - 40		10.7	7.5	8.8
40 - 50		9.5	6.1	8.3
50 - 60		13.1	7.4	9.3
60 - 70		11.3	7.7	9.4
70 - 80		11.1	6.2	8.8
80 - 100		11.5	6.6	8.5
100 - 150		10.5	5.1	7.8
OVER 150		10.9	6.0	8.6
	1979	11.7%	6.6%	8.8%
	1978	10.5%	6.0%	8.4%
	TREND			+4.8%

SPMH - TOTAL STORE			
YOUR STORE	SPMH		
	HIGH	LOW	AVERAGE
	$ 77.40	$37.00	$54.22
	101.60	45.70	61.33
	73.00	48.70	62.17
	91.70	30.60	57.60
	99.80	43.30	63.46
	91.00	51.30	63.25
	272.00	38.80	88.38
	125.50	49.60	83.35
	95.50	59.80	68.30
1979	$114.17	$44.98	$66.90
1978	$ 78.84	$49.35	$58.08
TREND			+15.2%

2. GROCERY

The labor cost to sales ratios for grocery includes all front end costs (cashier, bagger and carryout) as well as the grocery department personnel. This total labor cost ratio is measured solely to grocery sales. The grocery labor cost ratio average was 6.8% with a range of 4.0% for the lower cost performers to a high of 9.8%.

LABOR --- GROCERY

PERCENT OF LABOR TO GROCERY SALES					SALES PER MANHOUR			
WEEKLY SALES (000's)	YOUR STORE	RATIO HIGH	RATIO LOW	RATIO AVERAGE	YOUR STORE	SPMH HIGH	SPMH LOW	SPMH AVERAGE
$ 0 - $ 30		9.2%	4.1%	7.1%		$112.60	$43.50	$ 72.80
30 - 40		9.4	3.5	6.5		131.90	42.60	83.26
40 - 50		12.1	3.9	6.4		195.70	44.50	97.69
50 - 60		10.6	3.9	7.4		251.80	26.50	92.20
60 - 70		11.3	5.6	8.0		71.10	42.40	55.35
70 - 80		9.0	3.4	6.2		202.30	47.70	105.48
80 - 100		9.8	5.0	6.9		195.80	60.80	116.54
100 - 150		8.7	4.2	6.7		162.70	71.10	106.03
OVER 150		8.3	2.8	6.1		262.60	77.00	200.70
	1979	9.8%	4.0%	6.8%	1979	$176.28	$50.68	$103.34
	1978	8.9%	2.9%	5.5%	1978	$178.82	$55.44	$ 99.61
	TREND			+23.6%	TREND			+3.7%

SPMH averages $103.34 with the more productive operators at $176.28. Note that several operators report $202.30 to $262.60 in grocery SPMH for record highs in this category.

3. MEAT

The labor cost ratio and SPMH for all reporting meat operations follow:

PERCENT OF LABOR TO MEAT SALES					SALES PER MANHOUR			
WEEKLY SALES (000's)	YOUR STORE	RATIO HIGH	RATIO LOW	RATIO AVERAGE	YOUR STORE	SPMH HIGH	SPMH LOW	SPMH AVERAGE
$ 0 - $ 30		14.7%	7.5%	10.3%		$ 86.40	$ 43.60	$ 61.46
30 - 40		9.8	1.7	6.2		98.10	65.20	76.34
40 - 50		12.7	1.3	7.4		150.00	58.40	84.63
50 - 60		12.9	7.0	9.6		95.60	35.00	68.38
60 - 70		7.9	6.8	7.3		106.20	10.20	75.84
70 - 80		10.6	5.9	8.2		117.70	49.40	87.62
80 - 100		10.2	6.2	7.7		124.30	62.60	85.83
100 - 150		6.9	3.5	5.6		143.70	124.40	132.17
OVER 150		8.7	6.0	7.5		124.20	63.90	103.74
	1979	10.5%	5.1%	7.8%	1979	$116.24	$ 56.97	$ 86.22
	1978	12.2%	2.6%	7.9%	1978	$ 81.06	$ 52.75	$71.66
	TREND			-1.3%	TREND			+20.3%

The overall meat labor ratio to sales was 7.8% with a high of 10.5%. SPH increased 20.3% with an average of $86.22, an increase of over $14.50.

4. PRODUCE

The produce labor cost/sales ratio averaged 9.7% with the lower cost operators at 5.4%. The higher cost departments averaged 13.7%. SPMH in produce averaged $56.14 with many operators achieving up to $127.00.

PRODUCE LABOR

PERCENT OF LABOR EXPENSE				
WEEKLY SALES (000's)	YOUR STORE	RATIO HIGH	RATIO LOW	RATIO AVERAGE
$ 0 - $ 30		16.5%	.9%	10.0%
30 - 40		17.4	.5	9.7
40 - 50		15.7	6.2	10.6
50 - 60		12.9	7.2	10.1
60 - 70		14.6	7.9	10.4
70 - 80		14.2	7.2	10.5
80 - 100		11.6	6.9	9.0
100 - 150		10.6	4.4	8.4
OVER 150		10.0	7.5	8.8
	1979	13.7%	5.4%	9.7%
	1978	12.4%	2.4%	8.6%
	TREND			+12.8%

SALES PER MANHOUR			
YOUR STORE	SPMH HIGH	SPMH LOW	SPMH AVERAGE
	$ 54.80	$20.00	$36.27
	61.40	31.90	46.64
	127.00	33.20	57.70
	86.70	26.10	54.11
	73.90	38.70	53.32
	75.00	33.60	52.27
	91.00	44.60	67.50
	72.80	63.50	68.06
	77.50	54.80	69.41
1979	$ 80.01	$38.48	$56.14
1978	$ 62.73	$37.57	$48.83
TREND			+14.9%

5. BAKERY

Bakery labor cost/sales ratio was slightly lower this year by 1.1%

BAKERY LABOR

PERCENT OF LABOR EXPENSE				
WEEKLY SALES (000's)	YOUR STORE	RATIO HIGH	RATIO LOW	RATIO AVERAGE
$ 30 - $ 40		24.9%	23.2%	24.1%
50 - 60		26.9	20.6	24.2
60 - 70		38.1	28.6	31.9
70 - 80		50.9	27.9	39.4
80 - 100		34.3	16.9	28.4
100 - 150		40.3	16.8	24.9
OVER 150		40.5	30.3	35.5
	1979	36.5%	23.4%	29.8%
	1978	41.3%	31.7%	30.9%
	TREND			-3.7%

6. DELICATESSEN

The delicatessen labor cost ratio to sales was an average of 23.7% with a variance in cost from 10.5% to 36.0%. The SPH average of $23.68 varies from a low of $10.43 to a high of $36.00. Delicatessen percent to sales and SPH were both up from last year.

PERCENT OF LABOR TO TOTAL SALES		
WEEKLY SALES (000's)	YOUR STORE	RATIO AVERAGE
$ 0 - $ 30		15.8%
30 - 40		27.8
40 - 50		21.5
50 - 60		22.7
60 - 70		36.0
70 - 80		10.5
80 - 100		24.3
100 - 150		27.5
OVER 150		27.6
	1979	23.7%
	1978	18.1%
	TREND	+30.9%

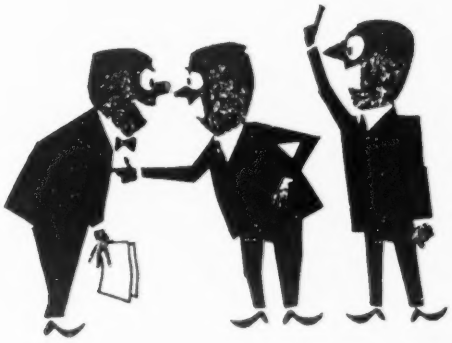
SALES PER HOUR	
YOUR STORE	SPH AVERAGE
	$15.79
	29.46
	21.50
	18.46
	36.00
	10.43
	24.26
	27.48
	29.74
1979	$23.68
1978	$19.40
TREND	+22.1%

7. STORE MANAGEMENT

The ratio of store manager's salaries to sales was an overall average of 1.0%. The higher volume stores with $100,000 or more in weekly sales tend to average a lower ratio of store management labor to sales while the stores with the lessor volumes are higher cost/sales ratios reflecting family operations where the owners are actively engaged in the business.

PERCENT OF LABOR - STORE MANAGER				
WEEKLY SALES (000's)	YOUR STORE	RATIO HIGH	RATIO LOW	RATIO AVERAGE
$ 0 - $ 30		2.6%	1.8%	2.2%
30 - 40		1.0	.6	.8
40 - 50		1.9	.8	1.2
50 - 60		1.0	.6	.8
60 - 70		.9	.5	.7
70 - 80		1.3	.6	.9
80 - 100		.8	.4	.6
100 - 150		1.6	.4	.7
OVER 150		1.3	.3	.7
	1979	1.4%	.6%	1.0%
	1978	1.9%	.7%	1.2%

VI	OTHER EXPENSES



Total store expenses, excluding labor, bonuses and related employee retirement benefits, vary considerably from an average low of 6.2% to a high of 12.4% for a composite of 9.0%

WEEKLY SALES (000's)	YOUR STORE	% TO TOTAL STORE SALES		
		HIGH	LOW	AVERAGE
$ 0 - $ 30		13.9%	4.9%	8.3%
30 - 40		12.8	8.3	10.0
40 - 50		11.9	5.9	9.5
50 - 60		12.5	6.5	9.6
60 - 70		13.0	3.5	8.2
70 - 80		10.6	6.2	8.5
80 - 100		14.3	7.2	9.5
100 - 150		10.5	6.6	8.8
OVER 150		11.9	6.3	8.7
	1979	12.4%	6.2%	9.0%
	1978	10.9%	6.3%	8.5%
	TREND			+5.9%

VII FINANCIAL CONDITION

This section reviews the financial condition of the retail operators in this study.

Operators emphasize - and rightly so - their statement of operations in sales, margins, expenses and profits. An equally important barometer is the STATEMENT OF FINANCIAL CONDITION -- the assets, liabilities, leverage factors, and net worth.

The changing retail environment dictates a greater importance that each independent should exert to an analysis and review of the balance sheet of the business as the barometer or state of health of the business.

1. FINANCIAL CONDITION

ASSETS

The ratio of corporate assets invested in current assets, property and equipment and other investments to the total assets is reported on this statement. These ratios indicate whether any inbalance exists in the individual company and the extent to which the assets are working to enhance the RETURN ON INVESTMENT.

LIABILITIES AND NET WORTH

The ratio of current liabilities, long-term debt and net worth to total liabilities, net worth and the extent to which retailers finance their operations whether by long-term borrowings or by stockholder investment are classified in the STATEMENT OF LIABILITIES AND OWNERS' NET WORTH.

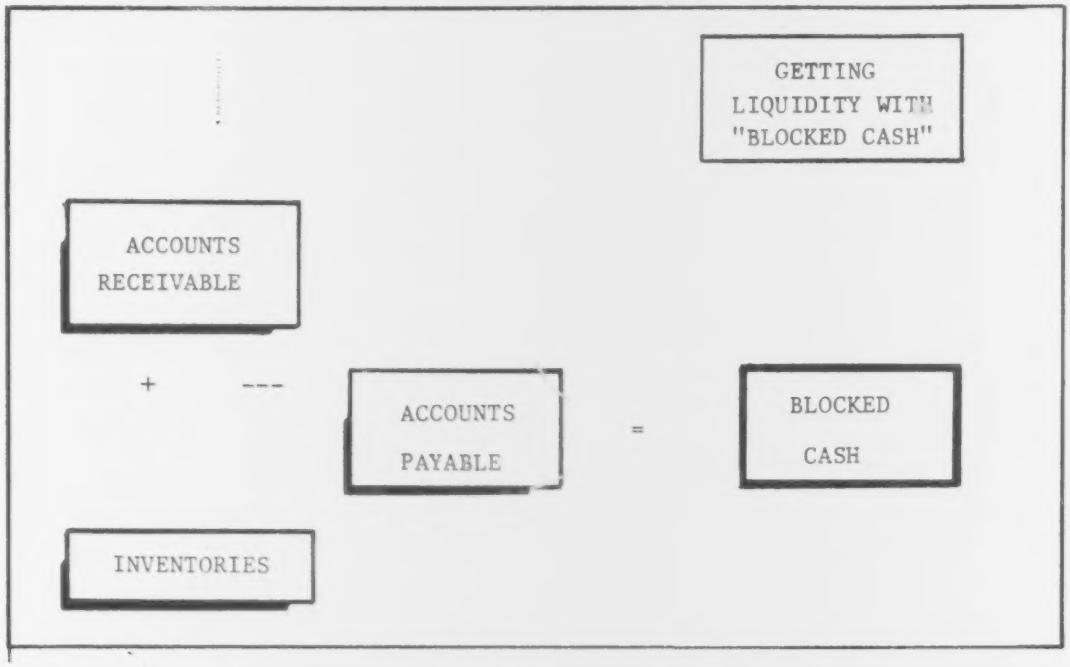
COMPARATIVE STATEMENT OF FINANCIAL CONDITION

	AVERAGE	GROUP 1 $0 - $30	GROUP 2 $30 -$40	GROUP 3 $40 - $50	GROUP 4 $50 - $60	GROUP 5 $60 - $70	GROUP 6 $70 - $80	GROUP 7 $80 - $100	GROUP 8 $100 - $150	GROUP 9 OVER $150
ASSET RATIO										
CURRENT ASSETS	52.49%	52.57%	41.40%	70.13%	37.80%	51.05%	69.01%	55.28%	51.40%	43.75%
INVESTMENTS	9.36	6.43	16.00	8.52	7.63	8.95	-0-	16.97	15.49	4.29
PROPERTY/EQUIPMENT	36.03	40.93	38.63	20.87	53.35	37.38	27.48	25.83	33.11	46.70
OTHER	2.12	.07	3.97	.48	1.22	2.62	3.51	1.92	-0-	5.26
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
LIABILITIES AND NET WORTH										
CURRENT LIABILITIES	30.59%	21.52%	21.60%	36.14%	26.64%	35.88%	33.74%	34.90%	23.73%	41.19%
OTHER LIABILITIES	2.44	-0-	7.69	.15	1.48	1.50	-0-	7.78	3.35	.02
LONG TERM DEBT	23.93	6.93	21.38	17.55	40.20	23.77	34.97	14.58	15.52	40.43
OWNERS' NET WORTH	43.04	71.55	49.33	46.16	31.68	38.85	31.29	42.74	57.40	18.36
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

2. BLOCKED CASH

The BLOCKED CASH concept reports the ability of the operator in investing its quick assets (receivables and inventory minus accounts payable) to work. The lower - the amount of BLOCKED CASH - is reported, the greater mileage is obtained by speedy turnover of the working capital.

The BLOCKED CASH FORMULA works as follows:



The components in BLOCKED CASH for the retail operations were as follows:

COMPONENTS OF BLOCKED CASH						
			ASSETS			
GROUP	WEEKLY SALES (000's)	NO. OF REPLIES	ACCOUNTS RECEIVABLE	INVENTORY	ACCOUNTS PAYABLE	BLOCKED CASH
1	$ 0 - $ 30	3	$ 29.2	$ 44.9	$ 33.1	$ 41.2
2	30 - 40	4	26.6	346.3	199.8	173.1
3	40 - 50	5	25.3	805.5	677.2	153.6
4	50 - 60	4	65.1	893.1	975.8	(17.6)
5	60 - 70	7	34.6	240.5	222.5	52.5
6	70 - 80	2	51.1	1,057.1	847.7	260.4
7	80 - 100	8	39.1	482.4	282.1	242.2
8	100 - 150	4	105.9	512.4	288.6	329.8
9	OVER 150	3	352.9	1,644.9	2,102.6	(104.7)
OVERALL			$ 81.1	$ 669.7		$125.6

3. VENDOR FLOAT

An important part of the BLOCKED CASH FORMULA and also of money management is the vendor float. This is calculated as the ratio of accounts payable to inventory. The "float" determines the ability of the Corporate Controller to schedule payment of bills within the supplier credit terms and not miss any cash discounts. The average vendor float was 71.3% and varied from 41.2% to as high as 106.1%.

	VENDOR FLOAT			
GROUP	WEEKLY SALES (000's)	AVERAGE INVENTORY	AVERAGE PAYABLES	VENDOR FLOAT
1	$ 0 - $ 30	$ 44.9	$ 33.1	74.0%
2	30 - 40	346.3	204.4	49.3
3	40 - 50	691.6	581.7	55.9
4	50 - 60	893.1	975.8	89.8
5	60 - 70	241.9	228.1	80.5
6	70 - 80	1,057.1	847.7	74.2
7	80 - 100	482.4	282.1	71.1
8	100 150	512.4	288.6	41.2
9	OVER 150	1,644.9	2,102.6	106.1%
OVERALL				71.3%

4. SALES GENERATED PER INVENTORY DOLLAR

Retailing is the business of generating profits by the sales of inventory. Each dollar of inventory produced $26.60 in sales as follows:

SALES GENERATED PER INVENTORY DOLLAR			
GROUP	WEEKLY SALES (000's)	NO. OF REPLIES	SALES PER INVENTORY
1	$ 0 - $ 30	3	$28.85
2	30 - 40	4	24.00
3	40 - 50	6	19.98
4	50 - 60	4	23.71
5	60 - 70	7	25.01
6	70 - 80	2	20.48
7	80 - 100	7	25.19
8	100 - 150	4	33.73
9	OVER 150	3	38.46
OVERALL		40	$26.60

5. LONG-TERM DEBT TO NET WORTH -- LEVERAGE

The use of long-term debt (mortgages, secured and unsecured debt) as compared to net worth reveals the extent to which an operator uses the leverage factor. A ratio of $1.00 in long-term debt to every $2.00 of net worth is considered as a reasonable leverage factor for retailers. Retailers report use of leverage as the ratio was .88 to 1 for the year comparable to a ratio of $1.76 to $2.00 in net worth -- much too high.

TOTAL NET WORTH, YEAR-END (THOUSANDS)	$7,738.2
LONG-TERM DEBT, YEAR-END (THOUSANDS)	$6,870.2
RATIO OF LONG-TERM DEBT TO NET WORTH	.88 TO 1

Retailers are relying both in the use of internal funds and leverage as shown by the following analysis of the leverage factor.

USE OF LEVERAGE ---- LONG-TERM DEBT TO NET WORTH

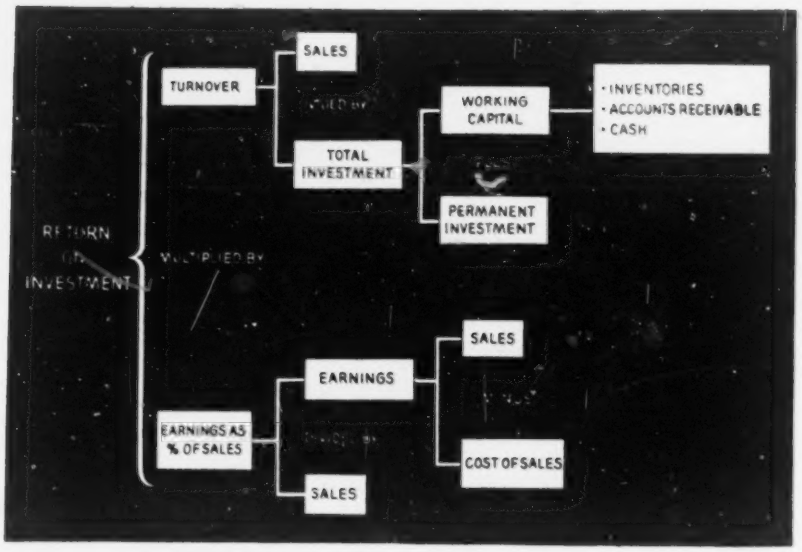
GROUP	WEEKLY SALES (000's)	NO. OF REPLIES	LONG-TERM DEBT	NET WORTH	LEVERAGE RATIO
1	$ 0 - $ 30	1	$ 27.6	$ 72.9	.38
2	30 - 40	3	308.5	366.5	.84
3	40 - 50	3	539.1	714.6	.75
4	50 - 60	4	1,467.4	1,719.2	.85
5	60 - 70	5	188.4	337.7	.56
6	70 - 80	3	1,203.9	1,295.3	.93
7	80 - 100	3	470.4	332.4	1.42
8	100 - 150	3	263.7	846.7	.31
9	OVER 150	3	2,401.2	2,052.9	1.17
TOTAL		28	$6,870.2	$7,738.2	.80

LEVERAGE USE	
TOTAL NET WORTH	$859.8
ADDITIONAL LEVERAGE --- LONG TERM DEBT AT 2 TO 1 (50%)	$429.9
ACTUAL LONG-TERM DEBT	763.4
UNUSED BORROWING POWER	$ -0-

6. PROFIT PROFICIENCY - RETURN ON INVESTMENT

Return on investment measures the profitability of an enterprise based on managements ability as to its profit efficiency. Successful wholesale distributors concentrate on: (1) turnover of working capital, (2) the efficient use of capital and assets, (3) the development and forceful merchandising programs designed to secure maximum concentration of purchases from suppliers, and (4) earnings per share of common stock. PROFIT EFFICIENCY IS THE BEST POSSIBLE RETURN ON INVESTMENT.

The chart below illustrates the use of the corporate assets to secure profits and the computation of the MANAGEMENT RETURN ON INVESTMENT. In applying the formula, working capital comprises current assets (cash, inventory, receivables, and prepaid expenses) less current liabilities due or to be paid within the coming year. The permanent assets consist of fixed assets, leasehold and tangible property.



Retailers generated a return in pretax profit of 16.0%.

RETURN ON INVESTMENT - PRETAX PROFIT TO NET WORTH			
GROUP	WEEKLY SALES (000's)	NO. OF REPLIES	RETURN ON INVESTMENT
1	$ 0 - $ 30	3	14.3%
2	30 - 40	3	18.9
3	40 - 50	6	18.1
4	50 - 60	4	12.4
5	60 - 70	6	18.8
6	70 - 80	3	18.3
7	80 - 100	5	13.4
8	100 - 150	4	13.5
9	OVER 150	3	16.3
			16.0%

7. WORKING CAPITAL RATIO

The working capital ratio is a critical key to financial analysts in rating the ability of the operation to finance the daily operations. The desirable norm as set by financial analysts is a ratio of 2.00 in current assets for each dollar of current liabilities. Retailers report 2.08 to 1 with the working capital ratios as follows -- very close to norm.

WORKING CAPITAL RATIO			
GROUP	WEEKLY SALES (000's)	NO. OF REPLIES	RATIO
1	$ 0 - $ 30	3	2.91 to 1
2	30 - 40	3	2.96 to 1
3	40 - 50	6	2.69 to 1
4	50 - 60	4	1.49 to 1
5	60 - 70	6	1.56 to 1
6	70 - 80	3	2.48 to 1
7	80 - 100	5	1.58 to 1
8	100 - 150	3	1.95 to 1
9	OVER 150	3	1.06 to 1
OVERALL		36	2.08 to 1